



Letter of Transmittal

March 29, 2004

The Honorable Bob Holden
Governor, State of Missouri

The General Assembly of Missouri

Dear Governor Holden and Members of the General Assembly:

Pursuant to the requirements of 104.404 RSMo, the Office of Administration, the Missouri Consolidated Health Care Plan and the Missouri State Employees Retirement System respectfully submit a combined report on retirees under the incentive plan. We hope the information contained in this report is helpful to the members of the General Assembly when considering future legislation of this nature.

The total number of employees who retired and elected the medical benefit was 1,595. Of this number, 1,430 positions were reported to the Office of Administration by the state executive branch agencies. Of the 1,430 reported positions, 563 positions were cut from core budgets and 867 positions were approved for refill under the rule adopted by the Office of Administration (1CSR 10-18.010). The 563 positions cut from core budgets resulted in salary savings of \$10.9 million general revenue, and savings of \$4.4 million GR in fringe benefits.

The Missouri Consolidated Health Care plan has estimated the cost to the state of additional medical premiums for retirees at \$5.6 million, \$3.7 million of which is General Revenue.

The Missouri State Employees Retirement System has estimated that the incentive increased the system's present value of future benefits by \$13.5 million, with the amortization payment on that increase for FY 2005 being approximately \$900,000 (\$585,500 of which is General Revenue).

The total net savings achieved from the Retirement Incentive plan is \$19.1 million, of which \$11.05 million is General Revenue.

Sincerely,

Jacquelyn D. White
Commissioner of Administration

Ron Meyer
Executive Director, Missouri Consolidated Health Care Plan

Gary Findlay
Executive Director, Missouri State Employees Retirement System



OFFICE OF ADMINISTRATION

MISSOURI CONSOLIDATED HEALTH CARE PLAN

MISSOURI STATE EMPLOYEES RETIREMENT SYSTEM

Report on Retirees Under the Incentive Plan

March 29, 2004



OFFICE OF ADMINISTRATION
Report on Retirees Under the Incentive Plan
 March 29, 2004

1. Number of Retirees as a Result of the Retirement Incentive Plan = 1,595

Please see Exhibits #1 & #2

Estimated 1,911 retirees (3,821 eligible retirees at 50% utilization)

- Actual 1,595 retirees represents 42% utilization

Number of Retirees as a Result of the Retirement Incentive Plan in Agencies Reporting to OA = 1,430

2. Estimated Savings as a Result of the Incentive (Core Cut) = 563 Positions

Please see Exhibit #3 and #4 for Details by Agency and by Fiscal Year

Salary Savings (Payroll GR Reduction)	# Positions	General Revenue
Fiscal Years 2004 or 2005	563	\$10,884,675

Some retiree positions were cut from core budgets in FY 2004.

Total Savings (Financial Effect on Budget)				
	GR	Federal	Other	Total
Salaries (FY 2004 or FY 2005)	\$10,884,675	\$4,033,211	\$3,316,400	\$18,234,286
Benefits (40.47%)	\$4,405,028	\$1,632,240	\$1,342,147	\$7,379,415
Less: Retiree Medical Premiums (FY 2005)	-\$3,653,759	-\$1,171,778	-\$790,836	-\$5,616,373
Less: Increased Retirement Contributions (FY 2005)	-\$585,500	-\$187,772	-\$126,728	-\$900,000
Total Savings	\$11,050,444	\$4,305,901	\$3,740,983	\$19,097,328

3. Positions Reported to OA and Approved for Refill = 867 Positions

Please see Exhibit #5 and summary information on page 2.

Positions Reported to OA and Approved for Refill (continued)

Positions Approved for Refill	# Positions
Critical Positions Under Rule	470
100% Federally Funded Positions	152
Parks, Soil and Conservation Positions	30
Positions Transferred to MoDOT	1
25% Exceptions	214
Total Positions Approved for Refill	867

All Positions

Position Summary	Total Positions
Positions Core Cut (Savings)	563
Positions Approved for Refill	+867
Total Positions Reported to OA	1,430
Other Agency Positions*	+165
Total Retiree Positions	1,595

*Other Agency Positions Were Not Reported to OA:

Position savings and positions approved for refill do not include 165 positions of the Legislature, Judiciary, Public Defender and Elected Officials.

The Department of Transportation did not participate in the incentive program.

The Department of Conservation did not report retirees to OA.

4. Number of Retirees Rehired Under the 1000 Hour Limitation = 233

Please see Exhibit #3



OFFICE OF ADMINISTRATION



Missouri Consolidated Health Care Plan
Report on Retirees Under the Incentive Plan

Financial Effect on the Budget
Costs of Retiree Medical Premiums Paid by the State for FY 2005

FY 2005	GR	Federal	Other	Total
Retiree Medical Premiums	(\$3,653,759)	(\$1,171,778)	(\$790,836)	(\$5,616,373)



OFFICE OF ADMINISTRATION



Missouri State Employees Retirement System
Report on Retirees Under the Incentive Plan

Financial Effect on the Budget
Costs of Increased Retiree Contributions FY 2005

FY 2005	GR	Federal	Other	Total
Retiree Medical Premiums	(\$585,500)	(\$187,772)	(\$126,728)	(\$900,000)

Continued on next page

Missouri State Employees' Retirement System
Supplemental Actuarial Valuation
as of June 30, 2003

Present Provisions: Active members of the Missouri State Employees' Retirement System are eligible for medical coverage (provided outside of the Retirement System) at a specified cost to the member. Upon retirement, if eligible for retiree medical coverage, the retired member cost is higher than what it was as an active member.

Retirement Incentive Program: Eligible members who retired between February 1, 2003 and September 1, 2003, may continue medical coverage as if they were active employees for a period of 5 years or upon attaining eligibility for Medicare if earlier. After such period, the cost for medical coverage will increase to the amount payable as a retiree.

Actuarial Information: The following illustrates the estimated increase in benefit value resulting from the Retirement Incentive Program.

	Before Incentive Program	After Incentive Program	Increase
Present Value of Future Benefits	\$6,662,291,406	\$6,675,791,406	\$13,500,000
UAAL* Amortized Over 32 Years	2.07%	2.12%	0.05%

* *Unfunded Actuarial Accrued Liability*

Comments: The amount shown under the "Increase" column above represents the present value of all retirement benefits expected to be paid to those who retired under this program in excess of the present value of retirement benefits expected to be paid to this same group if the program did not occur. This difference is primarily the result of members electing to retire earlier and therefore, receiving retirement benefit payments over a longer period of time. The increase in retirements during the program may still be affecting MOSERS after January 31, 2004 (the end of the period of review in this report), but this should not result in additional unfunded liability to MOSERS. This report does not include any of the effects of staffing, payroll, or training costs associated with the earlier than expected retirements. Based on the annual payroll for the June 30, 2003 valuation projected forward two years (one year at 1.67% due to the State pay freeze and one year at 4%, the long term assumed annual rate of payroll growth), the increase in total contribution would be \$0.9 million in the first year after the benefit change.

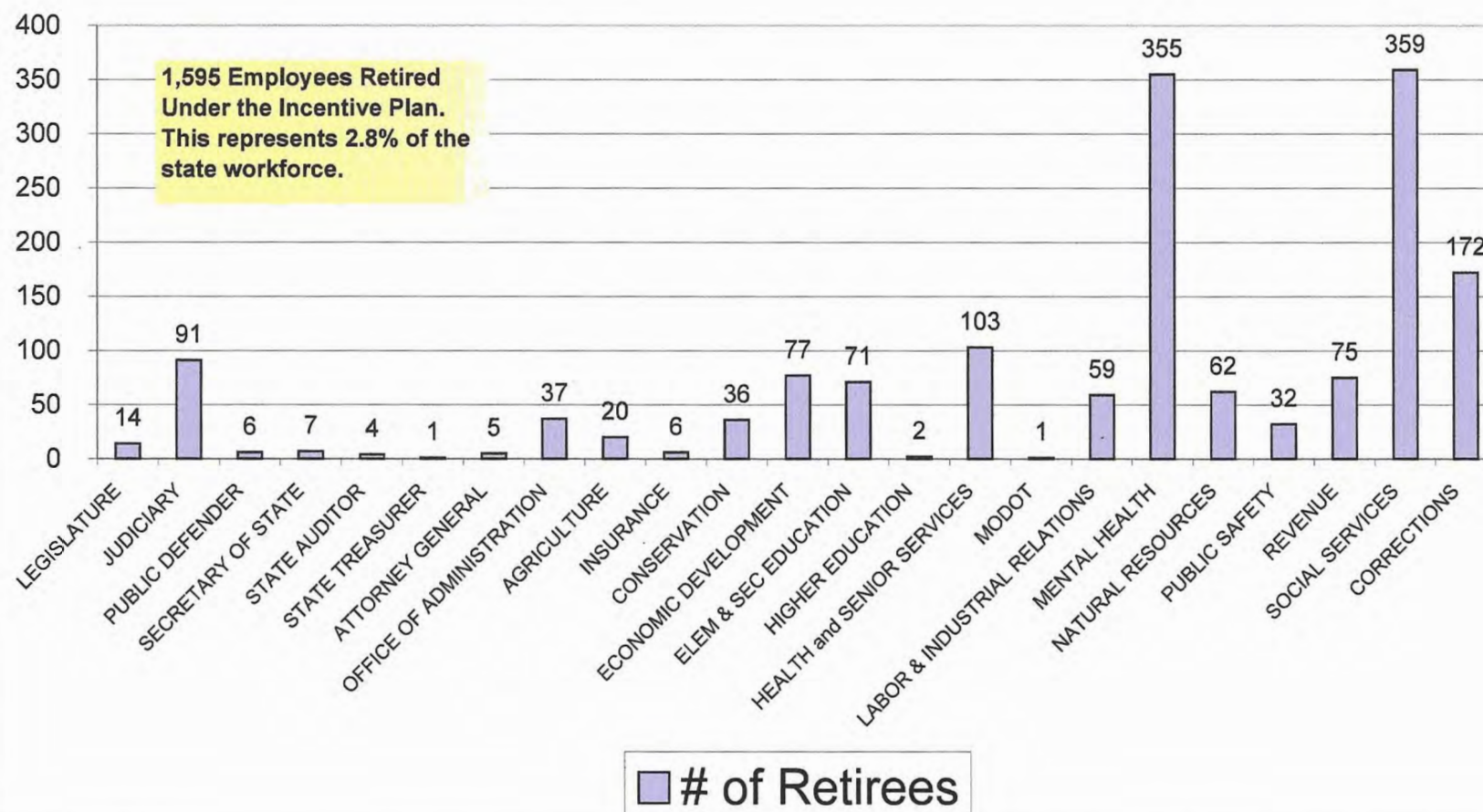
List of Exhibits In the Report

Exhibit	Title	Page #
Exhibit #1	Number of Retirees Under the Incentive Plan	7
Exhibit #2	Percent of Retirees by Agency Retirees as Percent of Each Agency's Workforce	8
Exhibit #3	Early Retirement Salary Reductions by Fiscal Year	9
Exhibit #4	Cost and Impact Estimate of Retirees Under the Incentive Plan	12
Exhibit #5	Number of Retirees Under the Incentive Plan Rehired Under the 1000 Hour Limitation	14

Appendix

Statute and Rule Reference	Page #
104.404 RSMo Reporting Requirements for the Office of Administration, Missouri Consolidated Health Care Plan and Missouri State Employees Retirement System	15
1 CSR 10-18.010 Retirement Policy	17
Acknowledgements	18

Number of Retirees Under the Incentive Plan



**Percent of Retirees by Agency
And
Retirees as Percent of Each Agency's Workforce**

Exhibit #2

PERCENTAGE OF RETIREES BY AGENCY

Agency Code	Agency	# of Retirees	% of All Retirees
010	LEGISLATURE	14	0.9%
100	JUDICIARY	91	5.7%
151	PUBLIC DEFENDER	6	0.4%
231	SECRETARY OF STATE	7	0.4%
251	STATE AUDITOR	4	0.3%
272	STATE TREASURER	1	0.1%
282	ATTORNEY GENERAL	5	0.3%
300	OFFICE OF ADMINISTRATION	37	2.3%
350	AGRICULTURE	20	1.3%
375	INSURANCE	6	0.4%
400	CONSERVATION	36	2.3%
419	ECONOMIC DEVELOPMENT	77	4.8%
500	ELEM & SEC EDUCATION	71	4.5%
555	HIGHER EDUCATION	2	0.1%
580	HEALTH and SENIOR SERVICES	103	6.5%
605	MODOT	1	0.1%
625	LABOR & INDUSTRIAL RELATIONS	59	3.7%
650	MENTAL HEALTH	355	22.3%
780	NATURAL RESOURCES	62	3.9%
812	PUBLIC SAFETY	32	2.0%
860	REVENUE	75	4.7%
	SOCIAL SERVICES	359	22.5%
	CORRECTIONS	172	10.8%
Grand Total		1,595	100.0%

Offices of Governor and Lt. Governor had no retirees.

**RETIREES AS PERCENTAGE OF
WORKFORCE**

Number of Employees	% of Agency Workforce
596	2.3%
3,316	2.7%
549	1.1%
250	2.8%
149	2.7%
51	2.0%
392	1.3%
858	4.3%
316	6.3%
213	2.8%
1,495	2.4%
1,347	5.7%
2,089	3.4%
73	2.7%
1,862	5.5%
6,300	0.0%
1,100	5.4%
8,606	4.1%
1,719	3.6%
4,300	0.7%
2,006	3.7%
8,297	4.3%
11,368	1.5%
57,252	2.8%

Total Employees listed as >= 50% FTE and Permanent, as of December 1, 2003

Early Retirement Salary Reductions by Fiscal Year

House Bill	Fiscal Year 2004		Fiscal Year 2005		Total	
	Amount	FTE	Amount	FTE	Amount	FTE
2	<u>Elementary and Secondary Education</u>					
General Revenue	86,976	2.00	303,864	9.13	390,840	11.13
Federal Funds	0	0.00	0	0.00	0	0.00
Other Funds	0	0.00	25,512	1.00	25,512	1.00
Total	86,976	2.00	329,376	10.13	416,352	12.13
3	<u>Higher Education</u>					
General Revenue	0	0.00	0	0.00	0	0.00
Federal Funds	0	0.00	40,000	1.00	40,000	1.00
Other Funds	0	0.00	0	0.00	0	0.00
Total	0	0.00	40,000	1.00	40,000	1.00
4	<u>Revenue</u>					
General Revenue	77,964	2.00	469,458	17.18	547,422	19.18
Federal Funds	0	0.00	0	0.00	0	0.00
Other Funds	0	0.00	811,695	30.82	811,695	30.82
Total	77,964	2.00	1,281,153	48.00	1,359,117	50.00
4	<u>Transportation</u>					
General Revenue	0	0.00	0	0.00	0	0.00
Federal Funds	0	0.00	0	0.00	0	0.00
Other Funds	0	0.00	0	0.00	0	0.00
Total	0	0.00	0	0.00	0	0.00
5	<u>Office of Administration</u>					
General Revenue	207,363	4.00	262,518	6.50	469,881	10.50
Federal Funds	0	0.00	0	0.00	0	0.00
Other Funds	38,694	0.51	575,595	16.25	614,289	16.76
Total	246,057	4.51	838,113	22.75	1,084,170	27.26
6	<u>Agriculture</u>					
General Revenue	129,360	4.00	131,988	5.00	261,348	9.00
Federal Funds	0	0.00	0	0.00	0	0.00
Other Funds	0	0.00	36,012	1.00	36,012	1.00
Total	129,360	4.00	168,000	6.00	297,360	10.00
6	<u>Natural Resources</u>					
General Revenue	299,796	7.00	98,352	2.71	398,148	9.71
Federal Funds	0	0.00	187,952	4.71	187,952	4.71
Other Funds	24,228	1.00	337,960	8.58	362,188	9.58
Total	324,024	8.00	624,264	16.00	948,288	24.00

Early Retirement Salary Reductions by Fiscal Year

House Bill	Fiscal Year 2004		Fiscal Year 2005		Total	
	Amount	FTE	Amount	FTE	Amount	FTE
6 <u>Conservation</u>						
General Revenue	0	0.00	0	0.00	0	0.00
Federal Funds	0	0.00	0	0.00	0	0.00
Other Funds	0	0.00	0	0.00	0	0.00
Total	0	0.00	0	0.00	0	0.00
7 <u>Economic Development</u>						
General Revenue	0	0.00	97,431	3.33	97,431	3.33
Federal Funds	0	0.00	26,965	0.42	26,965	0.42
Other Funds	0	0.00	407,862	11.24	407,862	11.24
Total	0	0.00	532,258	14.99	532,258	14.99
7 <u>Insurance</u>						
General Revenue	0	0.00	0	0.00	0	0.00
Federal Funds	0	0.00	0	0.00	0	0.00
Other Funds	0	0.00	201,036	4.00	201,036	4.00
Total	0	0.00	201,036	4.00	201,036	4.00
7 <u>Labor and Industrial Relations</u>						
General Revenue	0	0.00	0	0.00	0	0.00
Federal Funds	0	0.00	359,076	10.00	359,076	10.00
Other Funds	0	0.00	0	0.00	0	0.00
Total	0	0.00	359,076	10.00	359,076	10.00
8 <u>Public Safety</u>						
General Revenue	23,628	1.00	91,047	3.00	114,675	4.00
Federal Funds	0	0.00	34,671	1.00	34,671	1.00
Other Funds	0	0.00	86,118	4.00	86,118	4.00
Total	23,628	1.00	211,836	8.00	235,464	9.00
9 <u>Corrections</u>						
General Revenue	0	0.00	1,522,376	49.00	1,522,376	49.00
Federal Funds	0	0.00	0	0.00	0	0.00
Other Funds	0	0.00	486,220	15.00	486,220	15.00
Total	0	0.00	2,008,596	64.00	2,008,596	64.00
10 <u>Mental Health</u>						
General Revenue	1,020,230	26.69	4,173,611	137.65	5,193,841	164.34
Federal Funds	103,906	2.81	53,867	1.75	157,773	4.56
Other Funds	0	0.00	0	0.00	0	0.00
Total	1,124,136	29.50	4,227,478	139.40	5,351,614	168.90

Early Retirement Salary Reductions by Fiscal Year

House Bill	Fiscal Year 2004		Fiscal Year 2005		Total	
	Amount	FTE	Amount	FTE	Amount	FTE
10	<u>Health</u>					
	General Revenue	0 0.00	659,597 20.86		659,597 20.86	
	Federal Funds	0 0.00	314,508 9.22		314,508 9.22	
	Other Funds	0 0.00	71,102 2.42		71,102 2.42	
	Total	0 0.00	1,045,207 32.50		1,045,207 32.50	
11	<u>Social Services</u>					
	General Revenue	162,055 3.05	1,067,061 31.56		1,229,116 34.61	
	Federal Funds	209,038 3.95	2,703,228 84.19		2,912,266 88.14	
	Other Funds	366 0.00	214,000 6.50		214,366 6.50	
	Total	371,459 7.00	3,984,289 122.25		4,355,748 129.25	
	<u>Total Operating Budget</u>					
	General Revenue	2,007,372 49.74	8,877,303 285.92		10,884,675 335.66	
	Federal Funds	312,944 6.76	3,720,267 112.29		4,033,211 119.05	
	Other Funds	63,288 1.51	3,253,112 100.81		3,316,400 102.32	
	Total	2,383,604 58.01	15,850,682 499.02		18,234,286 557.03	

**Cost and Impact Estimate of
Retirees Under the Incentive Plan**

Exhibit #4

AGENCY	# of EMPLOY EES	# of FTE	ANNUAL GR	ANNUAL FED	ANNUAL OTHER	ANNUAL TOTAL
OFFICE OF ADMINISTRATION						
Savings	28	27	\$469,881	\$0	\$614,289	\$1,084,170
Approved for Refill	9	9	\$377,829	\$0	\$114,375	\$492,204
Total Retirees	37	36	\$847,710	\$0	\$728,664	\$1,576,374
AGRICULTURE						
Savings	10	10	\$261,348	\$0	\$36,012	\$297,360
Approved for Refill	10	10	\$238,256	\$76,347	\$58,033	\$372,636
Total Retirees	20	20	\$499,604	\$76,347	\$94,045	\$669,996
INSURANCE						
Savings	4	4	\$0	\$0	\$201,036	\$201,036
Approved for Refill	2	2	\$0	\$0	\$66,624	\$66,624
Total Retirees	6	6	\$0	\$0	\$267,660	\$267,660
ECONOMIC DEVELOPMENT						
Savings	15	15	\$97,431	\$26,965	\$407,862	\$532,258
Approved for Refill	62	62	\$201,871	\$1,905,457	\$165,804	\$2,273,132
Total Retirees	77	77	\$299,302	\$1,932,422	\$573,666	\$2,805,390
ELEM & SEC EDUCATION						
Savings	13	12	\$390,840	\$0	\$25,512	\$416,352
Approved for Refill	58	50	\$777,338	\$1,006,758	\$2,356	\$1,786,452
Total Retirees	71	62	\$1,168,177	\$1,006,758	\$27,868	\$2,202,804
HIGHER EDUCATION						
Savings	1	1	\$0	\$40,000	\$0	\$40,000
Approved for Refill	1	1	\$25,145	\$5,059	\$0	\$30,204
Total Retirees	2	2	\$25,145	\$45,059	\$0	\$70,204
HEALTH and SR SERVICES						
Savings	33	33	\$659,597	\$314,508	\$71,102	\$1,045,207
Approved for Refill	70	70	\$1,552,682	\$1,160,880	\$32,301	\$2,745,863
Total Retirees	103	102	\$2,212,279	\$1,475,388	\$103,403	\$3,791,070
LABOR & INDUST RELATIONS						
Savings	10	10	\$0	\$359,076	\$0	\$359,076
Approved for Refill	49	49	\$0	\$1,794,877	\$33,883	\$1,828,760
Total Retirees	59	59	\$0	\$2,153,953	\$33,883	\$2,187,836
MENTAL HEALTH						
Savings	170	169	\$5,193,841	\$157,773	\$0	\$5,351,614
Approved for Refill	185	181	\$5,719,586	\$606,303	\$0	\$6,325,889
Total Retirees	355	350	\$10,913,427	\$764,077	\$0	\$11,677,503
NATURAL RESOURCES						
Savings	24	24	\$398,148	\$187,952	\$362,188	\$948,288
Approved for Refill	38	38	\$35,231	\$122,154	\$1,214,645	\$1,372,030
Total Retirees	62	62	\$433,379	\$310,106	\$1,576,832	\$2,320,318
PUBLIC SAFETY						
Savings	9	9	\$114,675	\$34,671	\$86,118	\$235,464
Approved for Refill	23	23	\$382,678	\$90,987	\$215,831	\$689,497
Total Retirees	32	32	\$497,354	\$125,658	\$301,949	\$924,961
REVENUE						
Savings	51	50	\$547,422	\$0	\$811,695	\$1,359,117
Approved for Refill	24	24	\$367,972	\$0	\$371,084	\$739,056
Total Retirees	75	74	\$915,393	\$0	\$1,182,780	\$2,098,173

Cost and Impact Estimate of Retirees Under the Incentive Plan

Exhibit #4

AGENCY	# of EMPLOY EES	# of FTE	ANNUAL GR	ANNUAL FED	ANNUAL OTHER	ANNUAL TOTAL
SOCIAL SERVICES						
Savings	130	129	\$1,229,116	\$2,912,266	\$214,366	\$4,355,748
Approved for Refill	229	227	\$2,556,285	\$4,742,646	\$94,968	\$7,393,899
Total Retirees	359	356	\$3,785,400	\$7,654,912	\$309,335	\$11,749,647
CORRECTIONS						
Savings	65	64	\$1,522,376	\$0	\$486,220	\$2,008,596
Approved for Refill	107	107	\$3,273,541	\$45,985	\$54,964	\$3,374,490
Total Retirees	172	171	\$4,795,917	\$45,985	\$541,184	\$5,383,086
TOTALS						
Savings	563	557	\$10,884,675	\$4,033,211	\$3,316,400	\$18,234,286
Approved for Refill	867	851	\$15,508,413	\$11,557,455	\$2,424,869	\$29,490,736
Total Retirees	1,430	1,408	\$26,393,087	\$15,590,666	\$5,741,269	\$47,725,022

Some of the positions identified as "Savings" have already been core cut in FY 2004.

Note:

Positions approved for refill and estimated savings do not include 165 retiree positions of the Legislature, Judiciary, Public Defender and Elected Officials.

The Department of Transportation chose not to participate in the incentive program.

The Department of Conservation did not report retirees to OA.

RETIRED FROM AGENCY			REHIRED BY AGENCY														
Agency	LEGISLATURE	JUDICIARY	SECRETARY OF STATE	ATTORNEY GENERAL	OFFICE ADMINISTRATION	AGRICULTURE	CONSERVATION	ELEM & SEC EDUCATION	HEALTH & SENIOR SERVICES	LABOR & INDUSTRIAL REL	MENTAL HEALTH	NATURAL RESOURCES	PUBLIC SAFETY	REVENUE	SOCIAL SERVICES	CORRECTIONS	Grand Total
LEGISLATURE	7																7
JUDICIARY		16															16
PUBLIC DEFENDER		1															1
SECRETARY OF STATE			1														1
ATTORNEY GENERAL				1													1
OFFICE OF ADMINISTRATION					10												10
AGRICULTURE						4											4
INSURANCE																	0
CONSERVATION							13										13
ECONOMIC DEVELOPMENT																	0
ELEM & SEC EDUCATION								22									22
HIGHER EDUCATION								1									1
HEALTH and SENIOR SERVICES									8			1					9
MODOT																	0
LABOR & INDUSTRIAL RELATIONS										19				1			20
MENTAL HEALTH					1					1	93						95
NATURAL RESOURCES												6					6
PUBLIC SAFETY													8				8
REVENUE														4			4
SOCIAL SERVICES															8		8
CORRECTIONS											1					6	7
Grand Total	7	17	1	1	11	4	13	23	8	20	94	7	8	5	8	6	233

This is a count of employees on the payroll. The number of hours the employees actually work varies.

Four agencies, Insurance, Economic Development, Higher Education and MoDOT have not rehired retirees.

The Public Defender, Governor, Lieutenant Governor, State Auditor and State Treasurer have not rehired retirees.

There are 225 retirees who have 233 jobs with the state. Eight retirees have two appointments; these employees are counted twice.



**Missouri Revised Statutes
Chapter 104
Retirement of State Officers and Employees
Section 104.404**

August 28, 2003

Certain employees eligible for retirement may apply for medical benefits upon retirement, amount of contribution, time limitations.

- 104.404. 1. An employee who has not been a retiree of the system in which such employee is currently receiving creditable or credited service, who is eligible to receive a normal annuity pursuant to section 104.080, 104.090, 104.100, 104.271, or 104.400, or a life and any temporary annuity pursuant to section 104.1024, and whose annuity commences no later than September 1, 2003, shall be eligible to receive the medical benefits described in section 104.403.
2. An employee who would be eligible to receive a normal annuity pursuant to section 104.080, 104.090, 104.100, 104.271, or 104.400, or a life and any temporary annuity pursuant to section 104.1024, no later than January 1, 2004, shall be eligible to retire based on the employee's creditable or credited service and the average compensation or final average pay on the employee's date of termination of employment if the employee applies to retire and whose annuity commences no later than September 1, 2003. Such employee who so retires shall be eligible to receive the medical benefits described in subsection 1 of this section.
3. Any employee described in subsections 1 and 2 of this section who otherwise would be eligible to elect to receive benefits under the provisions of sections 104.625 and 104.1024, by no later than January 1, 2004, shall be eligible to elect to receive benefits pursuant to sections 104.625 and 104.1024; except that in no event shall a lump sum payment be made for any time period after the employee's annuity starting date.
4. A retiree whose retirement annuity commenced on or after February 1, 2003, but no later than September 1, 2003, shall be eligible to receive the medical benefits described in section 104.403.
5. The state may hire employees to replace those employees retiring pursuant to this section and section 104.403, except that departments shall not fill more than twenty-five percent of those positions vacated. Exceptions to the twenty-five percent restriction may be made for critical or seasonal positions or positions which are entirely federally funded. Such determination shall be made by rule and regulation promulgated by the office of administration. The provisions of this subsection shall not apply to Truman University, Lincoln University or the educational institutions described in section 174.020, RSMo.
6. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2003, shall be invalid and void.

7. The Missouri state employees' retirement system and the highways and transportation employees' and highway patrol retirement system shall make a report in writing to the governor, commissioner of administration, and the general assembly by April 1, 2004, and in addition shall provide monthly tracking of the effect of state employee retirements pursuant to this section and section 104.403. The report shall cover the time period of February 1, 2003, to January 31, 2004. The report shall include the number of such retirements, the amount of payroll affected as a result of retirements, and the financial effect of such retirements as expressed in a report by each system's actuary.

8. The office of administration shall make a report in writing to the governor and the general assembly by April 1, 2004, and in addition shall provide monthly tracking of the budgetary effect of state employee retirements pursuant to this section and section 104.403. The report shall include the amount of payroll reduced as a result of such retirements, the number of positions that are core cut as a result of such retirements, the number of employees employed to replace those who retired pursuant to this section, and the financial effect on the budget, including any costs associated with payment of medical premiums by the state.

9. The Missouri consolidated health care plan shall make a report in writing to the governor and the general assembly by April 1, 2004, and in addition shall provide monthly tracking of the effect of state employee retirements pursuant to this section and section 104.403. The report may include, and not be limited to, the amount of payroll reduced as a result of such retirements, the number of positions that are core cut as a result of such retirements, the number of employees employed to replace those who retired pursuant to this section, and the financial effect on the budget, including any costs associated with payment of medical premiums by the state.

Title 1—OFFICE OF ADMINISTRATION
Division 10—Commissioner of Administration
Chapter 18—Retirement Policy

1 CSR 10-18.010 Retirement Policy

PURPOSE: The state of Missouri adopted a retirement incentive providing health insurance at the active rate for five (5) years for eligible retirees meeting specific criteria. State agencies are allowed to fill only twenty-five percent (25%) of the positions vacated because of the retirement incentive between February 1, 2003 and September 1, 2003. Exceptions to the twenty-five percent (25%) restriction may be made for critical or seasonal positions, or positions which are entirely federally funded. This rule establishes the definitions of those exceptions.

(1) Critical Positions Exceptions Defined. For purposes of this rule, critical positions are defined as follows:

- (A) Physicians, psychiatrists, psychologists, security aides, registered nurses, licensed practical nurses, nursing assistants, psychiatric aides, developmental assistants, and teacher and teacher aides and therapists in the schools for the severely handicapped, deaf and blind when those positions are involved in the direct care and treatment of patients and students;
- (B) Social service workers, social service supervisors I, caseworkers, self-sufficiency case managers, Income Maintenance (IM) supervisor I, Division of Family Services (DFS) county directors, when those positions are required to meet the daily subsistence needs of recipients of state services;
- (C) Correction officers, correction supervisors, probation and parole officers, judiciary staff, capitol police, youth specialists, youth group leaders, water patrol, when those positions are required to ensure the public health and safety of the public; and
- (D) Department directors may petition to the commissioner of administration for the inclusion of specific positions where it is demonstrated that there is imminent risk to human health and safety or substantial revenues will be lost with no opportunity for future recovery if the position(s) remains vacant.

(2) Definitions of Seasonal and Federally Funded Positions. For purposes of this rule, seasonal and federally funded positions are defined as follows:

- (A) Seasonal employees are defined as employees in positions involving short term, part-time or intermittent work schedules which do not exceed one thousand (1,000) hours per year, and who are eligible to retire based on prior state service in benefit eligible positions. Such seasonal positions may be refilled; and
- (B) Entirely federally funded positions are defined as positions that have been funded one hundred percent (100%) with federal funds for the previous twelve (12) months.

(3) Department of Transportation and Department of Conservation. As provided by the authorizing statute, should the highway commission that governs the health care plans of the Missouri Department of Transportation and the Missouri Highway Patrol and the Conservation Commission of the Department of Conservation exercise the option to offer the medical benefit provided by the authorizing statute, each agency shall adhere to the provision of not refilling more than twenty-five percent (25%) of the vacated positions. No exceptions shall be granted except those otherwise expressed by this rule.

(4) Specific Educational Institutions. As provided by the authorizing statute, the provisions of this rule do not apply to Truman University, Lincoln University, or the educational institutions described in section 174.020, RSMo.

*AUTHORITY: 104.404, RSMo Supp. 2003. * Emergency rule filed Aug. 27, 2003, effective Sept. 12, 2003, expired March 9, 2004. Original rule filed July 21, 2003, effective Feb. 29, 2004.*

**Original authority: 104.404, RSMo 2003.*

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MOSERS

Benefit Specialists and Information Technology staff

MCHCP

Benefits Specialists and Information Technology staff

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